Iowa Department of Transportation

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A Periodic Report on Federal Transportation Activities

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<u>"Fiscal Cliff"</u>

In a rare New Year's Day session, Congress passed legislation to deal with the "fiscal cliff" which was technically reached on Jan. 1, 2013. HR 8 was signed by the President the next day. The bill was a compromise negotiated by leadership and the administration. It passed the Senate by a vote of 89-8, and the House by a vote of 257-167.

Extends certain tax cuts

One major issue was the impact of the Bush-era tax cuts, which were set to expire on Jan.1, 2013. The bill extended those rates for all but the wealthiest two percent.

Defers Sequestration and lowers spending caps

The automatic, across-the-board spending cut mechanism known as "sequestration" is delayed until March 27, 2013, the same day the current Continuing Resolution expires. (As currently written, these cuts would have only limited impact on Iowa transportation funding due to the exemption of most trust fund programs.)

Also, if the cuts do take place in two months, the total automatic cut for FY 2013 (currently estimated at $109 billion) would be reduced by $24 billion. Half of that amount ($12 billion) would be offset by lowering the current caps on discretionary spending in FY 2013 (by $4 billion) and in FY 2014 (by $8 billion). Those reductions would be split equally between security and non-security spending. (The other half is offset by changes to the tax code related to tax-deferred retirement accounts designed to raise $12.2 billion in additional revenue.)

Extends tax credit/deduction provisions

HR 8 also extends many tax credits and other provisions that were either set to expire, or which had already expired in FY 2011. Included are several with some transportation impact, such as provisions related to:

- *Railroad track maintenance for Class II and III railroads*
- *Parity of employer-provided transit benefits with parking benefits*
- *Renewable electricity production, including wind facilities*
- *Bonus depreciation such as for "transportation property" (property used in the trade or business of transportation of persons or property, and aircraft used for agriculture or firefighting)*
- *Alternative fuel vehicle refueling property*
- *Two- or three-wheeled plug-in electric vehicles*
- *Production of cellulosic biofuel*
- *Cellulosic biofuel plant property*

- *Biodiesel and renewable diesel (excise tax credits and outlay payments)*
- *Biodiesel fuel and renewable diesel fuel used to produce a qualified mixture*
- *Alternative fuel mixtures other than hydrogen (excise tax credits and outlay payments)*

Background

Annual Transportation Appropriations

FY 2011 – On July 29, the House passed its Transportation-HUD appropriations proposal, HR 5850, providing $45.2 billion in highway obligation authority, $3.515 billion in Airport Improvement Project funding, $1.4 billion for High Speed Intercity Passenger Rail, and $400 million for TIGER multi-modal grants. The Senate appropriations committee approved S 3644 on July 22, providing $41.8 billion in highway obligation authority, $3.515 in AIP funding, $1.0 billion for HSIPR, and $800 million for TIGER multi-modal grants.

The president signed a Continuing Resolution on Sept. 30, 2010, to keep transportation and other federal programs funded at FY 2010 levels until December 3, 2010. Congress has not passed any of the dozen appropriations bills for the fiscal year that began October 1. Senior appropriators told reporters that they do not expect an "omnibus" appropriations bill combining all 12 pieces of legislation into one massive package to set funding levels for the rest of this fiscal year. Rather they expect another continuation of Fiscal Year 2010 funding levels into next year, which would give the new Congress an opportunity to complete work on the spending measures. Republicans, who will take control of the House in January, are calling for rolling back federal spending for most programs to Fiscal Year 2008 levels. They also seek to rescind unspent American Recovery and Reinvestment Act of 2009 funds that would include numerous state high-speed and intercity passenger rail projects plus dozens of highway, rail, transit, and port projects funded by TIGER grants.

On December 4, the President signed a second Continuing Resolution to keep the government operating until December 18.

On December 8, the House passed HR 3082, a food safety bill which includes: a third Continuing Resolution that would fund the government basically at FY 2010 levels through September 30, 2011; and extensions of the surface transportation and aviation programs through the end of FY 2011.

On Dec. 18, the President signed HJ Res. 105, a 3-day Continuing Resolution (CR) to fund government programs until Tuesday, Dec. 21. A draft FY 2011 omnibus appropriations package, which included earmarks, was abandoned Dec. 16 when it received too little support in the Senate. That bill included extensions of expiring surface and aviation programs.

On Dec. 22, the President signed HR 3082, which contained a Continuing Resolution (CR) to fund government programs until March 4, 2011, and an extension of the surface transportation programs, also until March 4, 2011.

Work in Congress was on hold the week of January 10 after the shootings in Tuscon, Arizona.

During the week of January 17, the House was in session, while the Senate recess continued. A House Republican Study Committee unveiled a plan to reduce federal spending by $2.5 trillion over 10 years. Under the plan, most agency funding would be set at FY 2008 levels for the remainder of FY 2011 (after the current CR expires March 4), and at FY 2006 levels for FY 2012 and beyond. Specific program cuts would include: Amtrak, Essential Air Service, Transit

New Starts projects (in large metro areas), and Intercity and High Speed Rail. It is likely that the national debt will reach the current limit by the end of March, requiring a decision by Congress to raise it or trigger default.

On Jan. 25, the House adopted H. Res. 38 to limit the remainder of most FY 2011 spending to "2008 levels or below." It is likely that another short-term Continuing Resolution will be required when the current provision expires March 4.

On Feb 3, House Budget Committee chairman Paul Ryan announced an FY 2011 budget cap of $1.055 trillion for the months remaining in the fiscal year after the current Continuing Resolution (CR) expires on March 4. In general, this would cut spending by about 17 percent for those months, as compared with the levels under the current CR. The twelve appropriations committees are scheduled to meet next week to determine exactly which programs will be cut, and by how much.

During the week of the 11th, the House Appropriations Committee released a list of program cuts proposed for the remaining fiscal year to help meet the spending limits outlined by House Appropriations Chairman Harold Rogers. Included in the list are High Speed Rail and Amtrak. (No final determination has been made regarding limits to Highway Trust Fund expenditures.) Some members are advocating deeper cuts, so the resulting House proposal will likely be a compromise. In the other chamber, Senate leadership has objected to some of the cuts proposed by the House, but has not ruled out an overall reduction in spending levels. An interim (less-than-seven-month) Continuing Resolution (CR) at current levels may be necessary when the resolution in effect now expires March 4.

The administration's FY 2012 budget was released Monday, Feb. 14. The proposal would change the Highway Trust Fund: the name would be changed to "Transportation Trust Fund"; the current revenue stream would support highway and most transit projects; and as-yet-unidentified additional funds would support rail, a National Infrastructure Bank (grants and loans), transit New Starts, and TIGER. In addition, Amtrak would compete for funds from the bank, instead of relying on appropriations. Highway funds would rise in 2012 (to $69.7 billion) but would fall after that. The proposal would leave the Airport and Airway Trust Fund as a separate entity, slightly reduce Airport Improvement Program (AIP) funding, and raise the cap on Passenger Facility Charges (PFCs).

On Feb. 19, the House passed HR1, an appropriations bill to fund the government for the final seven months of 2011. It reduces spending by about $60 billion compared to FY 2010. In addition, as passed, HR 1 would limit EPA's ability to enforce clean air standards, allow waivers from the 15 percent ethanol mandate, and halt the implementation of health care reform. There is little chance the Senate will agree to the bill (and President Obama has said he would veto it), so another short-term Continuing Resolution (CR) is expected before the current CR expires on March 4. However, House Speaker John Boehner has said that even the short-term CR must reduce spending.

As passed, HR 1 would not impact Highway Trust Fund or Airport and Airway Trust Fund expenditures and they would remain at FY 2010 levels. The bill would eliminate several large competitive grant programs such as TIGER II and High Speed Intercity Passenger Rail, but would revive the Rail Line Relocation and Improvement Program. Unobligated balances of funds that remain unused are also targeted.

On March 2, the president signed H J Res 44, a Continuing Resolution (CR) to fund government programs until March 18 while Congress and the administration negotiate on a longer-term appropriations bill to last to the end of FY 2011. H J Res cuts about $4 billion from FY 2010 spending levels, with transportation-related cuts coming from mainly from two discretionary programs contained in the FY 2010 appropriations bill. Those programs provided one-time funds for surface transportation projects, and for congressionally designated projects. The administration led talks between the House and Senate on a seven-month measure. It is possible that another stop-gap CR will be necessary due to the issues surrounding certain policy riders and program cuts contained in the House proposal, HR 1. Adding pressure to the talks is the issue of increasing the limit on national debt, which is expected to be reached in early spring.

The week of March 7 the Senate rejected the House long-term proposal, HR 1, and also a Senate amendment to HR 1, SA 149 by Senator Inouye. House and Senate leadership, as well as the administration, are currently negotiating a compromise.

Final passage of H J Res 48, another stop-gap Continuing Resolution (CR), took place on March 17 to fill the gap between the expiration of the current CR (on March 18) and agreement on a longer-term measure to the end of FY 2011. The three-week measure continues funding for the federal government until April 8. Congress will be very reluctant to support additional short-term CRs. Last week, the Senate rejected the House long-term proposal, HR 1, and also a Senate amendment to HR 1, SA 149 by Senator Inouye. House and Senate leadership is working with the administration on a compromise.

The federal government is operating under H J Res 48, a stop-gap Continuing Resolution (CR) that continues funding until April 8, 2011. Negotiations are continuing on an appropriations bill through FY 2011, but no agreement has been reached between House and Senate leadership, or with the administration. In addition, legislation will soon be needed to raise the statutory debt limit, since the current ceiling is expected to be reached by mid-April.

As of March 25, negotiations are continuing on an appropriations bill through FY 2011, but no agreement has been reached between House and Senate leadership, or with the administration. In addition, legislation will soon be needed to raise the statutory debt limit, since the current ceiling is expected to be reached by mid-April.

The president signed a one-week extension (HR 1363) into law on Saturday to provide funding through April 15. This gives Congress until April 15 to clear a final fiscal 2011 spending measure. This averted a federal government shut-down last week when agreement was reached to set the total cuts for FY 2011 appropriations at $37.7 billion. This number appears to include:

- those cuts enacted in earlier Continuing Resolutions (CRs) – about $10 billion
- those in the one-week CR passed on April 9 – reductions include FRA High Speed Rail by $1.5 billion and FTA New Starts by $280 million; and
- new, unidentified cuts included in a bill to finish out the year

With less than six months remaining in FY 2011, Congress has passed, and the president has signed, a bill that extends appropriations for federal government programs until the end of the year. HR 1473 (PL 112-10) was signed on April 15. For most programs, the bill continues FY 2010 funding levels, but also imposes a 0.2% across-the-board cut to discretionary funds.

Aviation programs – Airport Improvement Program (AIP) obligation authority is mandatory (not subject to the across-the-board cut). Therefore, it remains at the FY 2010 level of $3.515 billion. The Essential Air Service program is fully funded except for a portion that is subject to the 0.2% cut.

Highway programs – highway obligation authority is also mandatory (not subject to the cut) and is set at the FY 2010 level of $41.107 billion. However, the bill rescinds a total of $2.5 billion in unused contract authority (Iowa's share is $30.9 million), and $630 million in old, unobligated earmark funds (no significant impact on Iowa projects).

Multi-modal programs - The TIGER program for national infrastructure investment, begun under ARRA and extended in FY 2010 as TIGER II ($600 million), is funded in FY 2011 at $528 million minus the across-the-board cut.

Rail programs - High Speed Rail received $0 for FY 2011, and $400 million in unused FY 2010 funds were rescinded. The rescission does not impact awarded funds for active projects, however.

Transit programs – The TIGGER program, also an ARRA program extended in FY 2010, funds transit projects that lower greenhouse gas emissions. HR 1473 extends it in FY 2011, but at the lower level of $50 million. New Starts/Small Starts was funded at $1.6 billion, which is $400 million less than FY 2010.

On April 5, Congressman Ryan, chair of the House Budget Committee released a budget plan overview for the years FY 2012-2021. The budget assumes no new revenue or general fund transfers into the Highway Trust Fund, and would cut total transportation contract authority and appropriated funds by 31% as compared to current levels. The Senate may take votes the week of May 2 on the Ryan Plan (H Con Res 34), and also on an FY 2012 budget proposal by the administration.

On May 11 House Appropriations Committee Chairman Hal Rogers divided up, between subcommittees, the $1.019 trillion for discretionary programs provided in H. Con. Res. 34 (the Ryan budget plan). With those amounts established, the subcommittees have begun work on individual FY 2012 appropriations bills. The total allocation for the Transportation, Housing and Urban Development (T-HUD) subcommittee was down 13.9% from last year. The split between transportation and HUD is not known at this time. A July 24 markup is scheduled.

The House Appropriations T-HUD subcommittee markup is scheduled for July 24, 2011, with the full committee considering the proposal on July 26.

In the House, a subcommittee markup is tentatively scheduled for July 14 for the Transportation, Housing and Urban Development bill.

The subcommittee markup of the Transportation-Housing and Urban Development appropriations bill, scheduled for July 14, was cancelled earlier this week. No new date has been announced for release of the bill text or subcommittee action.

In an August 17 memo to House Republicans, House Majority Leader Eric Cantor called for moving ahead on fiscal 2012 spending bills despite the fact that the funding limits they would be working under are dictated by a debt limit act that cuts less spending than called for in the House Budget Resolution.

The House Appropriations Transportation-HUD (T-HUD) subcommittee approved an FY 2012 appropriations proposal on Sept. 8. Working from an overall T-HUD budget of $55.15 billion, it sets the highway obligation limitation at $27.0 billion (plus $739 million in obligation exempt), the largest amount the Highway Trust Fund will support, and a 34 percent cut. Transit formula bus grant funding also adheres to trust fund levels, resulting in a 38 percent reduction. In aviation, the AIP obligation limitation would be down by 5 percent and EAS discretionary funds would see a 33 percent cut. The largest drop is in Amtrak operating subsidies, which would be 60 percent lower than in FY 2011. No funding is provided for "high-speed rail" and the TIGER program. While the Senate has yet to offer an appropriations bill, the Appropriations Committee on Wednesday approved an overall T-HUD budget of $55.25 billion for FY 2012.

With the end of the fiscal year approaching, at least one Continuing Resolution (CR) will be required to keep federal programs funded while Congress works on FY 2012 appropriations bills. No CR text has yet been offered by either chamber.

The Senate Appropriations Committee approved an FY 2012 Transportation-HUD appropriations proposal, S 1596, on Sept. 21. Funding levels for some programs are consistent with FY 2011: highway obligation limitation - $41.107 billion (plus $739 million in mandatory funds exempt from obligation limitation); transit formula bus grants - $8.36 billion; and AIP obligation limitation – $3.515 billion. Some programs would see reductions: EAS discretionary funds - $143 million, a 4.5% reduction; and Amtrak operating subsidies – $544 million, a 3.2% reduction.

The Senate bill provides some funding not included by the House: FHWA Emergency Relief program – $400 million (bringing the total to $1.9 billion); high speed rail - $100 million; national infrastructure investment - $550 million (with $120 million reserved for rural areas); transit grants for energy efficiency and greenhouse gas reduction - $25 million; and HUD/DOT grants to promote integration of housing and transportation planning - $90 million.

Because a full FY 2012 appropriations measure will not be passed by the end of the fiscal year, Congress has until Sept. 30 to pass a continuing appropriations bill to avert a federal government shutdown. Early on Friday, Sept. 23, the House passed a substitute amendment to HR 2608 that would keep federal programs running through November 18, 2011, with overall funding at FY 2011 levels (minus 1.503% to conform to the debt ceiling agreement passed August 2.) The bill also includes disaster aid funding and offsets for those funds.

However, through a Sept. 23 procedural vote, the Senate rejected HR 2608 as passed by the House. Senator Reid has scheduled a Sept. 26 cloture vote allowing the Senate to take up HR 2608 with new language that is similar to the House proposal but that omits the recission of certain funds for use as offsets.

On Sept. 29, Congress passed HR 2017 to extend funding to federal programs until Oct. 4, 2011. This bill was necessary to bridge the gap between the end of FY 2011 and enactment of a longer-term continuing appropriations bill. President Obama is expected to sign HR 2017 on Sept. 30. It contains no funding changes or policy riders.

On Oct. 4, the House is expected to consider a slightly longer-term bill, HR 2608, which is also a clean continuation bill and would last until Nov. 18, 2011. However, it does contain $2.65 billion in FEMA disaster funding for FY 2012. HR 2608 has passed the Senate as amended.

Both the House and Senate have drafted full-year FY 2012 appropriations measures, but neither chamber has passed a bill. The House committee report for full FY 2012 appropriations was released on Sept. 27.

On Oct. 4, Congress passed HR 2608 to extend funding to federal programs until Nov. 18. 2011. It was signed by President Obama on Oct. 5. The measure contains no policy changes, and continues current funding levels except for a 1.503 percent across-the-board reduction for the duration of the bill. Also included is $2.65 billion in FEMA disaster funding for FY 2012.

Both the House and Senate have drafted full-year FY 2012 appropriations proposals, but neither chamber has passed a bill. The Senate Appropriations Committee approved a bill on Sept. 21, and the House Appropriations Committee report was released on Sept. 27.

The Senate created an appropriations "minibus" this week by combining three appropriations bills: Agriculture; Commerce, Justice and Science; and Transportation. The transportation language in HR 2112 is nearly identical to the text of the previous transportation appropriations bill, S 1596. Cloture was invoked on HR 2112 late on Oct. 21, by a vote of 82-16. Senate vote on the bill will take place when the Senate reconvenes the week of Oct. 31.

A conference committee was appointed this week to work out the differences between the Senate and House FY 2012 appropriations proposals for Agriculture; Commerce, Justice and Science; and Transportation-Housing and Urban Development (the "minibus"). The conferees include Senator Harkin and Congressman Latham. Support for this bill is truly bipartisan and we are cautiously optimistic that this bill, plus a continuing appropriations for the rest of the federal agencies, will pass Congress and be signed prior to Nov. 18. The current continuation of funding expires on Nov. 18, 2011.

On Nov. 18 the President signed the first FY 2012 appropriations bill, the "minibus" (HR 2112, H. Rept. 112-284) providing funding for departments and agencies covered by the committees of Agriculture; Commerce, Justice and Science; and Transportation-Housing and Urban Development. On Nov. 17, the conference report cleared the House (by a vote of 298-121) and the Senate (by a vote of 70-30). In that report:

- **Highway Obligation Limitation** is set at $39.144, nearly a five percent reduction from FY 2011;

- **FHWA's Emergency Relief program** received an additional $1.662 billion (as opposed to $0 in FY 2011). The report also retains Senate language that extends the 180-day time period during which 100 percent federal funding is available for disasters in FY 2011 and 2012 (in consideration of delays in a state's ability to access damaged facilities); and waives the $100 million per-state cap for certain events including Missouri River flooding in FY 2011;

- **Airport Improvement Program Obligation Limitation** is set at $3.350 billion (4.7 percent less than the level provided each year since 2006);

- **Essential Air Service Discretionary** funds are reduced to $143 million (4.5 percent less than FY 2011 when last year's 0.2% across-the-board cut is factored in), and new entrant airports are barred;

- **High Speed Intercity Passenger Rail** received no funding (the Senate had proposed $100 million);

- **Transit Formula and Bus Grants** were provided a small increase to $8.361 billion, but Bus Rapid Transit projects will now be funded out of this program, rather than New Starts; and

- **TIGER** grants were funded at $500 million.

A third Continuing Appropriations section was a part of the bill, providing funds for departments and agencies not included in the "minibus." Funding for these departments and agencies is continued at current levels until Dec. 16, 2011.

Although FY 2012 transportation funding was included in the three-part "minibus" signed in November, the process of funding the several remaining federal programs continues just hours before the expiration of the Continuing Resolution at midnight on Dec. 16. Early in the day, the House adopted the report for HR 2055, the "megabus." Although the Senate is expected to pass it as well, a short-term CR may be necessary.

The House also passed two related measures: HR 3672, providing funds for disaster aid; and H. Con Res 94, which would impose a 1.83 percent across-the-board cut to discretionary programs to offset the disaster aid. Information regarding H Con Res 94 is being monitored carefully for impacts to transportation.

The administration's FY 2013 budget request was released Feb. 13, 2012. Included was a $476 billion proposal for surface transportation reauthorization covering 2013-2018, but starting off with an upfront investment of $50 million in FY 2012 for highways, transit, railroads and aviation. Other provisions would collapse 55 programs into five, create a National Infrastructure Bank, and push ahead with high speed rail. The administration proposed to fund the bill using $231 billion in war savings. The remainder would come from existing sources of revenue.

On March 21, 2012, the House Budget Committee narrowly approved Congressman Paul Ryan's FY 2013 budget resolution. The overall discretionary spending limit of $1.028 trillion is lower than the $1.047 trillion agreed to in last summer's Budget Control Act.

For transportation, the Ryan budget would hold spending to the amount that could be supported by revenue flowing into the Highway Trust Fund, which would mean significant cuts to the transportation program. However, the language allows for higher spending levels if funds are added through additional revenue or general fund transfers, as long as the result is deficit-neutral. The proposal is likely to go to the House floor next week.

In the Senate, Appropriation Committee Chairman Daniel Inouye issued a statement reaffirming the $1.0147 trillion level established in the Budget Control Act.

Thus, although the budget is non-binding, appropriators in the House and Senate will be working with different overall amounts. This will complicate the effort to come to agreement on FY 2013 appropriations bills before the end of the fiscal year on Sept. 30, 2012.

The House has approved House Budget Chairman Paul Ryan's FY 2013 budget resolution. The March 29 vote was 228-191. H Con Res 112 calls for an overall discretionary spending limit of $1.028 trillion, a reduction from the amount agreed to in last summer's Budget Control

Act of $1.047 trillion. While not binding, the resolution will be the starting point for the House Appropriations process. This budget calls for a significant decrease in transportation investment. The Senate is unlikely to take up the House Budget.
The Senate has begun releasing FY 2013 appropriations proposals, based on the overall discretionary cap of $1.47 trillion agreed to in the Budget Control Act last summer.

On April 18, the Senate Appropriations Committee approved its FY 2013 T-HUD bill, S 2322. Compared to FY 2012, overall discretionary transportation funding is decreased by 3.8 percent However, obligation limitation amounts stay level for the following: FHWA federal-aid highways ($39.144 billion); FAA's Airport Improvement Program ($3.35 billion); and FTA's Formula and Bus Grants ($8.36 billion). The bill would also continue the TIGER program at $500 million.

Rail funding actually increases overall by approximately $125 million. While Amtrak operating funds decrease by 14.2 percent, capital grants would increase by 10.3 percent. The bill would fund a new category, "High Performance Passenger Rail grants," which the Senate press release describes as designed to "assist states with the improvement of existing intercity services, congestion mitigation and multi-state planning activities." (Text of the bill is not yet available.)

The House has released no FY 2013 appropriations bills, but the Ryan budget resolution (HR 112) passed in March would set the overall discretionary cap at $1.028 trillion, $2 billion less than the level in the Budget Control Act. This disagreement will complicate passage of appropriations bills for FY 2013.

On June 7, the House Appropriations subcommittee approved by voice vote its FY 2013 T-HUD proposal. Contingent on action by Congress to provide funding authorization, obligation limitation amounts stay level with FY 2012 for the following: FHWA federal-aid highways ($39.144 billion); FAA's Airport Improvement Program ($3.35 billion); and FTA's Formula and Bus Grants ($8.36 billion). The bill zeros out the TIGER program, which was funded in FY 2012 at $500 million. However, the House would carve out $500 million from the Amtrak capital account for bridges and tunnels mostly on Amtrak routes in the northeast corridor. No funds for High Speed Intercity Passenger Rail (HSIPR) would be provided by the House.

The full committee is scheduled to mark up the draft next week, with floor action expected soon after.

On April 18, the Senate Appropriations Committee approved its FY 2013 T-HUD bill, S 2322. Like the House proposal, S 2322 would retain FY 2012 levels for most accounts. However, the Senate would renew the TIGER program at $500 million, and provide 100 million for HSIPR.

On June 19, the full House Appropriations Committee approved by voice vote its FY 2013 T-HUD proposal. Contingent on action by Congress to provide funding authorization, obligation limitation amounts stay level with FY 2012 for the following: FHWA federal-aid highways ($39.144 billion); FAA's Airport Improvement Program ($3.35 billion); and FTA's Formula and Bus Grants ($8.36 billion). The bill zeros out the TIGER program, which was funded in FY 2012 at $500 million. However, the House would carve out $500 million from the Amtrak capital account for bridges and tunnels mostly on Amtrak routes in the northeast corridor.

Although the bill could go to the floor next week, it is possible that it will be delayed until after passage of a surface transportation reauthorization bill (or an extension of SAFETEA-LU), since any changes to programs and funding levels could impact appropriations.

Shortly before approving the transportation reauthorization bill, the House passed its FY 2013 appropriations proposal, HR 5972 (as amended) by a vote of 261-163. The two amendments adopted on the floor would: prohibit the use of funds to mandate global positioning system tracking, electronic on-board recording devices, or event data recorders in passenger or commercial motor vehicles; and prohibit the use of funds for high-speed rail in California.

Obligation limitation amounts stay level with FY 2012 for the following: FHWA federal-aid highways ($39.144 billion); FAA's Airport Improvement Program ($3.35 billion); and FTA's Formula and Bus Grants ($8.36 billion). The bill zeros out the TIGER program, which was funded in FY 2012 at $500 million but it would carve out $500 million from the Amtrak capital account for bridges and tunnels mostly on Amtrak routes in the northeast corridor.

The Senate proposal would also maintain current obligation limitation levels for highway programs, AIP and transit formula and bus grants, but would also include $500 million for TIGER grants, and $100 million for a "High Performance Passenger Rail" program. S 2322 was reported out of committee April 19.

With the completion of surface transportation reauthorization, attention has turned to the end of fiscal year 2012 on Sept. 30, and the need to provide appropriated funds for FY 2013. Several factors have combined to make the passage of individual appropriations bills unlikely: lack of agreement between the House and Senate on a top line amount to divide between the various agencies and departments; the desire to avoid a showdown so close to the November elections; and the need for bargaining tools to use in the effort to resolve three other issues due to come to the forefront in January, 2013. Those three issues, known as the "fiscal cliff" include: expiration of major tax cuts; the need to raise the debt ceiling; and the activation of across-the-board automatic spending cuts. (Under current language, transportation trust fund programs are exempt from the cuts.)

These factors increase the chances of either combining some or all appropriations bills into a package, or passing a continuing resolution (CR). However, it is not altogether certain that even a CR would, in fact, continue the current funding levels.

To date, the House has passed seven appropriations bills, and Senate committees have reported out nine. Interestingly, the transportation proposals by the two chambers would both provide, essentially, FY 2012 amounts for the major highway, aviation and transit programs. (HR 5972 passed the full chamber on June 27, and the Senate bill, S 2322, was reported out of committee on April 19.) The differences are in other areas, such as the TIGER program (which the Senate funds and the House does not), and the structure and level of passenger rail funding.

On July 31 the Senate Majority Leader and the Speaker of the House announced an agreement for funding federal programs during the first half of FY 2013 via a six-month continuing resolution (CR). Senator Reid and Congressman Boehner said the measure, which will cover Oct. 1, 2012, through March 31, 2013, would be free of policy provisions and would provide total funding of $1.047 trillion, the amount specified in the Budget Control Act. The agreement removes the possibility of a government shutdown before the 113th Congress convenes in January 2013.

Transportation programs will likely be funded at FY 2012 levels for the duration of the CR even if across-the-board spending cuts kick in on Jan. 1, 2013. This is due to the fact that, under current sequestration language, transportation trust fund programs are exempt from the cuts.

With the fiscal year ending Sept. 30, Congress is back from its August recess – the Senate for the remainder of September, and the House for the week of Sept. 10, plus Sept. 19-21.

The issues coming up include:

<u>The Continuing Resolution</u> – Prior to the August recess, Senate Majority Leader Harry Reid and Speaker of the House John Boehner announced agreement on a six-month Continuing Resolution (CR) to fund federal programs at the rate of $1.047 trillion per year during the first half of FY 2013 (that amount reflects the cap set by the Budget Control Act). Because this yearly rate exceeds the projected FY 2012 rate by $8 billion, Congress must agree on distribution of the extra funds (and any other exceptions to a clean continuation of the current distribution to programs), and then finalize the bill by Sept. 30, 2012.

<u>Sequestration</u> – This summer, Congress passed a bill requiring the administration to report, by Sept. 7, the specific ways in which the administration would implement across-the-board "sequestration" cuts beginning in January if Congress fails to agree on program-by-program cuts or other measures to replace it. Although the report has not yet been submitted, a spokesman for President Obama said it will be provided to Congress late this week. Under current language, transportation trust fund programs are exempt from the cuts.

<u>MAP-21 Successor</u> – Senate EPW Committee Chair Barbara Boxer has announced that she's already working on the next reauthorization bill, and the primary task of funding it. The Highway Trust Fund outlook, according to the Congressional Budget Office, shows the Highway Account being drained below necessary levels sometime in 2015, and the Mass Transit Account reaching that point sometime in 2014.

On Sept. 13, by a vote of 329-91, the House passed a six-month Continuing Resolution (CR) to fund federal programs through March 27, 2013. H. J .Res. 117 sets the highway obligation limitation at the FY 2012 level of $39.144 billion. This is lower than the $39.699 billion called for under MAP-21 for FY 2013. Although the measure is essentially free of extraneous policy provisions, it does include a 0.612 percent across-the-board increase to bring the total funding to the agreed-upon $1.047 trillion cap. It has not yet been determined whether or not this increase will apply to programs funded out of the Highway Trust Fund. The Senate is expected to take up the bill early next week.
A six-month Continuing Resolution (CR) has been cleared by Congress and sent to the President for his signature. H.J. Res. 117 is a "clean" bill that funds federal programs at the rate of $1.047 trillion per year during the first half of FY 2013 (that amount reflects the overall cap set by the Budget Control Act of 2011). Because this represents a slightly higher level than FY 2012, most programs and agencies will see small increases of 0.612 percent.

According to AASHTO, this increase applies to formula funds for transit (plus New Starts). For highways, however, the highway obligation limitation amount will be consistent with FY 2012. The CR specifically calls for a highway obligation limitation based on the FY 2012 annual level of $39.14 billion, rather than the $39.69 billion called for in the recently passed reauthorization bill, MAP-21.

The President is expected to sign the bill before the end of the fiscal year on Sept. 30.

A spokesman for Senate Appropriations Chair Daniel Inouye stated this week that the Senator believes an omnibus spending bill passed during the lame-duck session is a better option for the remainder of FY 2013 than another Continuing Resolution (CR). The current CR, passed in September and running through March 27, 2013, largely continues FY 2012 programs and amounts, with a small increase in most areas to bring the total to the $1.047 trillion level specified in the Budget Control Act. An omnibus bill could be subject to the same overall amount, but changes could be made to funding levels for individual programs.

No word on the House Appropriations Committee plans for the remainder of FY 2013.

Aviation Reauthorization
The multi-year aviation authorization bill, known as Vision 100 (PL 108 -176), expired on October 1, 2007, and programs have been continuing under a series of authorization extensions. Multi-year authorization bills have been passed by the Senate on March 22 and by the House on March 25 as separate amendments to HR 1586. A conference committee will resolve the differences between the two proposals. In the meantime, aviation programs received yet another short-term extension.

On September 30, 2010, the president signed an extension, until December 31, 2010, since several issues remain to be resolved.

On December 2 the House passed a bill to extend aviation programs and excise taxes through March 31, 2011. The three-month extension is the 17th short-term extension since the last FAA reauthorization bill expired more than three years ago. The Senate would still need to act on this bill.

Extension of aviation programs (through March 31, 2011) was carried out through HR 6473 which was signed on Dec. 22.

During the week of Jan. 24, aviation reauthorization moved to the forefront, with House Transportation and Infrastructure (T&I) Committee chair John Mica citing it as his first priority, and Senate Majority Leader Reid calling it the Senate's first order of business.

The Senate began debate the week of Jan. 31 on S. 223 to reauthorize FAA programs and airport and airway trust fund expenditures. Several amendments were offered, but at this point the bill was still mostly identical to HR 1586 that passed the Senate 93-0 last year. S 223 would fund AIP at $4 billion, and authorize $35 million per year for the Small Community Air Service program. An amendment has been offered that would eliminate the Essential Air Service program that provides funds to many small airports. The FAA has operated under short-term extensions since 2007.

Senator Reid intends to end debate on FAA reauthorization bill S 223 on Feb. 14, with the most contentious issue being the number of slots at Reagan National. The Senate Finance Committee reported out a new tax title which includes many features of the bill passed unanimously by the Senate last session: an increase in the jet fuel tax – to 36 cents per gallon (up from 22 cents); and a 14.1 cent per gallon surcharge on "fractionals" (aircraft owned by share holders or multiple parties). The committee also adopted an amendment limiting expenditures from the Airport and Airway Trust Fund to 90 percent of the estimated revenue for that year.

The Senate passed FAA reauthorization bill S 223 on Feb. 18 after a compromise was reached on slots at Reagan National that adds 12 round-trip beyond-the-perimeter flights per day. The two-year aviation proposal includes an increase in the jet fuel tax to 36 cents per gallon (up from 22 cents); and a 14.1 cent per gallon surcharge on “fractionals” (aircraft owned by share holders or multiple parties). An amendment adopted in committee would limit expenditures from the Airport and Airway Trust Fund to 90 percent of the estimated revenue for that year. The cap on PFCs would not be raised. An amendment that would have eliminated the Essential Air Service (EAS) program was rejected, as was a proposal to reduce the federal share at non-primary airports.

The four-year House FAA reauthorization bill (HR 658) which was reported out of the Transportation and Infrastructure Committee on Feb. 16, would: cut AIP funding by $500 million as compared to last year; sunset EAS by Oct. 1, 2013; leave the PFC cap in place; and allow ten beyond-the-perimeter flights into Reagan National that would be offset by reducing by ten the number of flights from within the perimeter.

Work on FAA reauthorization advanced in the House the week of March 14 with the Ways and Means committee reporting out the revenue title (HR 1034) of HR 658, a four-year proposal. HR 1034 omits the increase in jet fuel taxes in the two-year Senate proposal, S 223. Meanwhile, the T&I committee also reported out another short-term extension (HR 1079) in anticipation of the expiration of the current measure on March 31. HR 1079 now goes to Ways and Means.

The current FAA extension expires March 31 and no final agreement has been reached on a full reauthorization bill. Therefore, Congress is expected to approve another stop-gap measure, HR 1079. This would be the 18th extension since the last FAA reauthorization expired more than three years ago. HR 1079 is a “clean” extension that would continue aviation programs and excise taxes through May 31, 2011.

On March 31 the president signed HR 1079, a clean extension of FAA programs and excise taxes through May 31, 2011. Although no final agreement has been reached on a full reauthorization bill, the House passed it’s proposal (HR 658) on April 1, with numerous amendments.

FAA extension legislation went to conference last week after the Senate amended the House proposal, HR 658, on April 7. Differences between HR 658 and the Senate proposal, S 223, include: the future of the Essential Air Service program, jet fuel taxes, slots at Reagan National, and unionization rules.

The Senate has appointed conferees to resolve differences between the House and Senate versions of aviation reauthorization bill HR 658. Conferees from the House side have not yet been announced. The current extension expires May 30, 2011.

On May 24, 2011, Congress passed HR 1893, a short-term extension of aviation programs and funding through June 30, 2011. The “clean” bill authorizes $2.6 billion in contract authority for the AIP program for the period from Oct. 2010 through June 30, 2011. This is the 19th extension of Vision 100, which expired at the end of FY 2007.

On May 31, the president signed the 19th FAA reauthorization extension, PL 112-016, which gives Congress until June 30 to complete action on a multi-year FAA reauthorization bill. In the on-going FAA reauthorization conference negotiations, continuing areas of contention include funding levels, controversial labor provisions, and the fate of the Essential Air Service program. The House-passed bill eliminates EAS in October of 2013 except in Alaska and Hawaii. The Senate-passed bill continues the program with some revisions.

On June 24 the House passed HR 2279, extending FAA authorization for three weeks. The Senate is expected to act on the measure next week. The long-term reauthorization bill is still in conference, with the House and Senate so far unable to agree on the differences between the two bills, including the overall funding levels.

On June 29 the president signed a bill extending federal aviation programs through July 22, 2011. PL 112-021 is a clean extension which will carry the aviation programs forward while a conference committee works on finalizing a long-term reauthorization measure.

Congress is working on another short-term extension (the 21st) of the FAA reauthorization act. The decision regarding the duration of this extension is complicated by the fact that the current fiscal year ends on September 30 and the budgeting requirements for FY 2012 are uncertain. The current extension expires July 22, 2011.

Due mainly to a disagreement between the House and the Senate regarding the Essential Air Service (EAS) program, the most recent FAA reauthorization extension expired on July 22 without the passage of a new extension to replace it. On July 20, the House passed HR 2553 to extend the current FAA reauthorization act until September 16, 2011. However, the bill contains a policy rider that would reduce the number of airports included in the EAS program, which subsidizes air carriers for providing service to smaller communities. The lack of an approved extension or reauthorization bill impacts Airport Improvement Program payments to states, and has forced FAA to furlough thousands of non-essential personnel. Negotiations are continuing.

On August 5 the Senate passed an FAA authorization extension bill, HR 2553, ending the partial shutdown that began when the previous extension expired on July 22. Although both the Senate and House were in pro forma session only, leadership yesterday agreed on unanimous consent passage of the measure in the Senate, which had previously objected to provisions that would cut the number of airports eligible for Essential Air Service subsidies. However, under HR 2553, the Secretary of Transportation is allowed to waive the new criteria under certain circumstances. Extending FAA authorization means that AIP payments will now continue to flow to the states, FAA-directed projects can resume, and the revenue stream going into the Airport and Airways Trust Fund will be restored. The extension lasts until Sept. 16, 2011.

The current aviation reauthorization extension expires on September 16. In his August 31 speech on surface transportation, President Obama also called on Congress to pass another clean extension of the FAA bill. An August 31 press release by Congressman Mica mentioned his intention to “consult with committee leadership before granting the 22nd FAA extension.”

On September 16, Congress passed HR 2887 which extends surface transportation programs through March 31, 2012, with no policy or funding changes. Within the same bill was an extension of aviation programs to January 31, 2012, with no policy or funding changes.

A four-year FAA reauthorization measure, HR 658 (House Report 112-381), passed Congress 75-20 on February 6, and has been sent to the President for his signature. The bill authorizes $15.9 billion annually through FY 2015. Airport Improvement Program funding is set at current levels ($3.350 billion per year). The Essential Air Service Program (EAS) is retained, but new entrants are barred. Combined discretionary and mandatory EAS funds would rise very slightly to $199 million per year.

On Feb. 1, the president signed a four-year FAA reauthorization measure, HR 658 (House Report 112-381). The bill passed Congress 75-20 on Feb. 6, and authorizes $15.9 billion annually through FY 2015. Airport Improvement Program funding is set at current levels ($3.350 billion per year). The Essential Air Service Program (EAS) is retained, but new entrants are barred. Combined discretionary and mandatory EAS funds would rise very slightly to $199 million per year.

Surface Transportation Reauthorization
The multi-year surface transportation authorization act, known as SAFETEA-LU, expired on October 1, 2009. The federal-aid programs, including highway, transit, highway safety, and motor carrier programs are continued through a series of extensions.

The current extension was included in HIRE, which was signed on March 18, 2010 (PL 111-147) and continues programs through December 31, 2010. In addition to program extensions, the act did away with the $8 billion contract authority rescission enacted in SAFETEA-LU, and also transferred $19.5 billion from the General Fund to the Highway Trust Fund to keep that fund solvent. While the formula programs have been extended, the earmarked projects in SAFETEA-LU have not been extended. The funding which would have been earmarked was redistributed among the core programs. Two of the SAFETEA-LU earmarked programs were controversial because 58 percent of the funding was provided to four states and 21 states received none of the funding. Language providing a “fix” for that situation has been included in subsequent legislation, but has not been passed.

In June 2009, Congressman Oberstar unveiled a draft reauthorization bill known as the Surface Transportation Authorization Act (STAA). The 5-year proposal would increase funding from the Highway Trust Fund by 57 percent over SAFETEA-LU levels, with most of the increase going to safety and transit. The proposal emphasizes intermodal projects, livability projects, and transit in large areas. Oberstar included performance targets and investment plans for nearly every program, along with stepped-up bridge inspection requirements. Due largely to the question of how to fund it, STAA has remained a discussion draft only.

However, several bills were introduced as potential additions to reauthorization language. One example is S. 3485, introduced June 15, 2010, which would provide surface transportation funds to rural states specifically, in order to provide balance to the large urban area focus of the discussion draft.

On September 6, President Obama announced the outlines of a six-year transportation infrastructure plan, including an up-front investment of $50 billion for roads, rail and airports. The funding source mentioned in the announcement was for establishment of an Infrastructure Bank to leverage federal dollars and focus on investments of national and regional significance. The concept of an infrastructure bank has been emphasized by the administration in recent congressional hearings.

The administration says the infrastructure plan would put high-speed rail on an equal footing within surface transportation programs, streamline and prioritize transportation investments, and use performance measures and competition to improve outcomes. It would also expand investments in areas such as safety, economic competitiveness, livability and environmental sustainability. No language has been introduced, and Congress would have to approve the initial $50 billion in funding.

The Senate is reportedly working on an extension of expiring surface transportation programs that could last through July 4, 2011. House Transportation and Infrastructure Committee Chairman James Oberstar suggested during a meeting with reporters that he prefers a one-year extension. Rep. John Mica, Ranking Member of the House T & I, called for a six-month extension. Mica is now the chairman of the House T & I committee for the 112th Congress that convened this week.

On Dec. 22, the President signed HR 3082, which contained a Continuing Resolution (CR) to fund government programs until March 4, 2011, and an extension of the surface transportation programs, also until March 4, 2011. The measure does include a partial “fix” to the controversial distribution of certain highway funds under the HIRE Act by requiring a broader distribution of Equity Bonus funds between core programs.

During the week of Jan. 24, surface transportation reauthorization gained visibility. In his State of the Union address, the president advocated rebuilding infrastructure to increase America’s competitiveness; US DOT director Ray LaHood stated that he expects a bill by Aug. 2011; the House and Senate are holding hearings on transportation; and T&I chair Mica has released an “oversight plan” that describes in general terms the committees basic goals for transportation, such as streamlining project delivery, consolidating and/or eliminating duplicative and obsolete program; redefining the federal role in transportation; and emphasizing performance and accountability.

On Feb. 11, Chairman Mica of the Transportation and Infrastructure Committee introduced HR 662 to extend the programs until Sept. 30, 2011. The bill contains no policy or funding changes.

On March 3, Congress has passed HR 662 to extend the programs until Sept. 30, 2011, and the president is expected to sign the bill before the current reauthorization extension expires March 4.

In recent weeks, Senators and Representatives have been introducing an increasing number of bills related to reauthorization of surface transportation programs. Topics include a freight corridor grant program funded by an increase in the diesel fuel tax, work zone and other highway safety measures, teen safe driving laws, and agriculture equipment visibility.

Unofficial draft language described as an administration proposal for surface transportation reauthorization was in circulation the week of May 2. However, a White House spokeswoman has stated that the 498-page bill is “not supported by the administration.” In addition, the funding levels exceed those to which Congress is likely to agree. However, some concepts, such as program consolidation, could find their way into the final reauthorization plan.

Specifics are beginning to emerge regarding the House and Senate reauthorization proposals. While no authorized drafts have been released, House Transportation and Infrastructure Chair John Mica’s outline is said to include funding at levels supported by revenue into the Highway Trust Fund, an expansion of TIFIA, increased state flexibility to direct highway funds (fewer mandates), and a continuation of the current share for transit funding.

In the Senate, the Environment and Public Works Committee draft reportedly funds programs at current levels plus inflation, contains no earmarks, significantly increases TIFIA, consolidates programs, and includes a focus on freight.

While the administration has yet to release an official, detailed draft proposal for reauthorizing transportation programs or funding levels, Transportation Secretary Ray La Hood has reiterated opposition to an increase in the gas tax.

In advance of the possible July 7 release of a surface transportation proposal by House Transportation and Infrastructure Committee Chairman John Mica, early documents describe the bill as covering six years, with funding at the level of Highway Trust Fund receipts. The summary also describes the bill as: providing more decision-making authority to the states, but also adding more performance requirements; eliminating approximately 70 duplicative or unnecessary programs; distributing nearly all the highway funding through formulas; focusing on the Interstates and the National Highway System; and placing more transit emphasis on suburban and rural systems.

No specific committee plans or documents have been released regarding the reauthorization Senate proposal, which will combine elements from several committees.

On July 7, House Transportation and Infrastructure (T&I) Committee Chairman John Mica released a 17-page summary of the House reauthorization proposal (but no bill text). The bill authorizes $230 billion over a six-year period, which is consistent with expected Highway Trust Fund (HTF) receipts (this amount does not include general fund transfers for transit). There will be no earmarks, and most funding will be distributed to the states through formulas. Chairman Mica said a second hearing would be held on July 12. No floor time has been scheduled so the release date of the bill language is uncertain. Policy changes of interest noted in the committee's summary would:

- streamline the project delivery process;
- consolidate or eliminate approximately 70 programs;
- eliminate the 10 percent set-aside for transportation enhancements (but eligibility remains);
- increase TIFIA loan funds;
- focus the federal highway program on the Interstate Highway System and the National Highway System;
- increase the percentage of available formula funds for transit programs that benefit suburban and rural areas; and
- improve Railroad Rehabilitation and Improvement Financing loan terms and processing.

The complete committee summary and other information can be found on the T&I Web site: http://transportation.house.gov/

The Senate is working on a two-year bill that maintains current funding levels

- $109 billion over two years, including the current $4.4 billion in general funds for transit
- Would require $12 billion in new revenues to keep the HTF solvent

On July 19, the Senate Environment and Public Works Committee released an outline of its portion of the surface transportation reauthorization bill (highway policy and spending). "Moving Ahead for Progress in the 21st Century (MAP-21) calls for $109 billion in highway program spending over two years (current levels plus inflation) but that total would require $12 billion to supplement expected Highway Trust Fund revenue. Other provisions would: reduce the number of core programs from seven to five; add a freight-only program; increase funding for TIFIA; require states to set targets for improving safety, road and bridge condition, congestion, and freight movement; and incorporate performance targets into the planning process. No date has been set for release of the bill text.

A commitment to a short-term extension of SAFETEA-LU has been expressed by the administration, and also by leadership in the Senate and the House, to avert a September 30 shutdown of federal transportation programs. President Obama gave an Aug. 31 Rose Garden speech advocating reauthorization of surface transportation programs, and an interim extension. A Sept. 1 press release by Senator Boxer, chairman of the Environment and Public Works Committee, called for a clean extension of four months (through January 2012). On August 31 Congressman Mica stated that he would agree to “one additional highway program extension.”

A proposal to extend SAFETEA-LU (for the eighth time) is making its way through the Senate. The EPW committee approved a bill on Sept. 8 that would extend the highway program through January 30, 2012. Funding is at the FY 2011 level. The bill also rescinds $3.13 billion in unobligated balances as of Sept. 1, 2012. Still to come are the transit, rail and finance titles written, respectively, by the Senate Banking, Commerce and Finance committees. The House proposal has not yet been released.

SAFETEA-LU as enacted authorized user fees and the Highway Trust Fund until Sept. 30, 2011. Therefore, the eighth extension is the first one that must include those financing provisions.

A reauthorization bill description released earlier this summer by the House Transportation and Infrastructure Committee held transportation funding levels at those that could be sustained by existing revenue sources flowing into the Highway Trust Fund, resulting in significant cuts to programs. However, on Sept. 26, a spokesman for Chairman Mica stated that the committee is now looking for additional revenue, estimated to be $15 billion per year, to allow for a six-year bill at current funding levels. The Senate Environment and Public Works Committee is working on a two-year highway funding bill that would maintain current levels of spending plus inflation. The Senate plan will require additional revenue of $12 billion per year.

The Senate Environment and Public Works Committee (EPW) has signaled a Nov. 9 markup for its proposal for reauthorizing highway funding. This could mean release of the text sometime on Nov. 4. As outlined earlier this year, the bill covered two years and maintained current levels of spending plus inflation which would require additional revenue of $12 billion per year.

In the Senate - On Nov. 9, the Senate Environment and Public Works Committee (EPW) unanimously approved the highway portion of a two-year surface transportation reauthorization proposal. Characterized by Senator Boxer as a bipartisan effort, the bill:

- Provides a level of funding consistent with SAFETEA-LU plus inflation (although this is contingent on the Finance Committee finding offsets or revenue to fill a funding gap of at least $12.4 billion);

- Makes significant changes in the distribution of funding to the states by funneling as much as possible through formulas (earmarks and discretionary programs are eliminated); and

- Reconfigures the 13 formula programs in SAFETEA-LU into six programs, including three new ones: National Highway Performance ($20-21 billion per year, mostly for maintenance); Transportation Mobility ($10.5 billion per year for projects similar to the Surface Transportation Program); and the National Freight Program ($2 billion per year for projects on a National Freight Network to be designated by the US DOT).

Other changes of note include: elimination of the set-aside for Transportation Enhancements (although those projects are now eligible for funding under the Congestion Mitigation and Air Quality Program); and elimination of funding for the railroad-highway grade crossing program.

A state's share of formula money would be tied to its share of funding under SAFETEA-LU, including both apportionments and earmarks, and each state is assured at least a 95 percent of its trust fund contributions.

The bill also contains a "ratchet" mechanism to keep the highway trust fund solvent. Regardless of the obligation limitation set by legislation, if the trust fund balance will not support it (plus a minimum amount for cash flow), the obligation limitation is reduced by the amount of the shortfall.

In the House - On November 17, House Speaker John Boehner announced a plan for a five-year bill that would include surface transportation authorization language as well as energy production measures. The bill would be introduced with the number HR 7 and the title of "American Energy and Infrastructure Jobs Act." Boehner said that revenue from expanded oil and gas drilling will be tied to infrastructure investment, and the bill will include changes aimed at increased private-sector involvement in infrastructure. Information such as funding sources and levels were not provided.

Two more pieces of the Senate's reauthorization package are scheduled for markup in December. The Senate **Commerce, Science and Transportation Committee** has announced a Dec. 14 markup date for S. 1952, the "Hazardous Materials Transportation Safety Improvement Act of 2011;" and S 1953, the "Research and Innovative Technology Administration Reauthorization Act of 2011." The press release notes that the committee will take action on additional reauthorization bills at the first markup session when Congress reconvenes in January, 2012.

Last month, the Senate **Environment and Public Works** Committee (EPW) unanimously approved "Moving Ahead for Progress in the 21st Century (MAP-21)," the highway portion of a two-year surface transportation reauthorization proposal.

In the House, Chairman Mica of the Transportation and Infrastructure Committee announced on Dec. 5 that no action would take place before the end of the year on a long-term surface transportation bill. In November, Speaker Boehner announced a plan for a five-year bill that would include surface transportation authorization language as well as energy production measures.

Last month, the Senate Environment and Public Works Committee unanimously approved the highway portion of a two-year surface transportation reauthorization package, leaving work for three other committees: Banking, Housing and Urban Affairs; Commerce, Science and Transportation (CS&T); and Finance.

On Dec. 14, 2011, CS&T made progress on its portion of the Senate proposal by approving four bills reauthorizing programs administered by: the Research and Innovative Technology Administration (RITA) - S 1953; the Office of Hazardous Materials Safety - S 1952; the National Highway Transportation Safety Administration (NHTSA) - S 1449; and the Federal Motor Carrier Safety Administration (FMCSA) – S 1950. The bills not only provide funding for the programs covered, but would also make some policy changes - particularly S 1950. Although the text of that bill is not yet available, we are watching for detail on the addition of Complete Streets provisions and Senator Lautenberg's national freight program language. The committee may take up additional infrastructure measures next year, including a bill sponsored by Senator Rockefeller that would establish an Infrastructure Fund.

Neither the Banking, Housing and Urban Affairs Committee (transit provisions), nor the Finance Committee, has scheduled a markup of reauthorization legislation.

In the House, Congressman Shuster of the Transportation and Infrastructure Committee reiterated the intent of leadership to approve that chamber's reauthorization proposal "early next year."
The House and Senate are each preparing surface transportation reauthorization bills for floor action next week. The House Transportation and Infrastructure Committee approved its proposal on February 2. The Finance Committee in the Senate approved that chamber's trust fund and tax title on February 7. The major controversy continues to be the level and source of funds.

On February 23, a spokesman for Speaker of the House John Boehner announced that Republican leadership was considering "a revamped approach" to the surface transportation reauthorization proposal, HR 7. Specifically mentioned was the possibility of shortening the time period covered (currently 2012 – 2016). Major issues with the bill as currently written include a shortage of funding to cover cost of the $260 billion proposal, and concern over provisions that would end dedicated funding for transit through the Highway Trust Fund. HR 7 was voted out of committee on Feb. 3. Floor debate planned for the week of Feb. 27 is unlikely to take place.

The spokesman also stated that the link between infrastructure and energy would be retained. A second part of the House reauthorization package is HR 3408, aimed at providing revenue for HR 7. HR 3408 combines several earlier bills to expand oil and gas leasing to generate revenue, and also expedites approval of the Keystone pipeline project. The House passed HR 3408 on Feb. 17.

The Senate is pursuing MAP-21, a two-year proposal totaling $109 billion that would fund programs at current levels plus inflation. S 1813 covers mainly the highway provisions. On Feb. 17, Senator Reid offered an amendment (SA 1730) that combines the remaining sections (financing, transit, rail, motor carrier, research and safety) which are currently contained in separate bills. Numerous unrelated amendments are likely to add to the difficulty in coming to agreement on the Senate package. Floor action on the Senate bill is expected to resume next week.

The current surface transportation reauthorization extension expires March 31, 2012.

As of the week of Feb. 27, another extension of SAFETEA-LU is increasingly likely, since the current extension expires March 31, and neither chamber of Congress has passed a reauthorization bill. This week, the Senate began debating amendments to its proposal, MAP-

21, which covers FY 2012 and 2013, and totals $109 billion (current levels plus inflation). On March 1, Senator Reid proposed a substitute amendment, SA 1761, which combines all the titles into one and reflects 37 amendments accepted by leadership. A cloture vote to limit debate is set for Tuesday, March 6, at 11 a.m. CST.

The House had also scheduled floor action on its reauthorization proposal, HR 7, this week. However, significant concern has been expressed about HR 7 (over such issues as the substitution of a one-time general fund transfer for dedicated transit funding, and the lack of sufficient funding in general). As a result, leadership has considered other options, including offering a shorter term version with possibly a few other changes. Both of those options would face considerable odds for passage in the House, and the path forward is unclear heading into the weekend.

Although a cloture vote on the Senate reauthorization bill failed last week, unanimous consent was reached on Senator Reid's substitute amendment, SA 1761, which combines all the titles and incorporates 37 amendments accepted by leadership. Also agreed to was a slate of 30 amendments for floor action. On March 8, senators began voting on the non-germane amendments on the list, clearing seven. Voting on the remaining amendments (18 of which are transportation-related) is scheduled for Tuesday, March 13.

There has been no further action on surface transportation reauthorization in the House, after HR 7 was pulled from the floor schedule last week. Although the House is in recess the week of March 12, a range of options is said to be under discussion including, among others: a revamped HR 7, possibly with the dedicated transit funding restored; some version of the Senate's bill, S 1813; and an extension of current law.

The current surface transportation reauthorization extension expires March 31, 2012. Another extension is likely to be necessary.

On Thursday, March 22, Speaker John Boehner said the House will take up a clean, three-month extension (through June 30, 2012) of SAFETEA-LU next week. Passage of HR 4239 is increasingly likely, since the current extension expires March 31, and Congress has yet to clear a new reauthorization measure.

On Wednesday, March 14, the Senate passed its surface transportation reauthorization proposal, S 1813 (MAP-21) by 74-22. The bipartisan vote followed floor action on a slate of amendments (some germane and some not), and leadership agreement on a manager's amendment. As cleared by the Senate, S 1813 would:

- Cover FY 2012 and FY 2013
- Authorize $109 billion for the two years combined (requires spending down the trust fund, and general fund transfers totaling approximately $10 billion)
- Fund transportation at current levels plus inflation
- Guarantee a 95 percent rate of return of estimated payments into the trust fund
- Distribute most funds by formula, based on 2009 SAFETEA-LU amounts rather than lane miles, etc. (no earmarks and very few discretionary programs)
- Add performance-related requirements to most programs
- Consolidate some core highway programs
- Streamline the NEPA process
- Set new requirements for highway and bridge expenditures, and also for bridge inspection

- **By amendment**: allow for extension of the 180-day time period for 100 percent federal share FHWA Emergency Relief funds, when states are unable to access the facility
- Set aside certain funds for use by states on a designated Primary Freight Network, with 10 percent available for rail projects
- Provide $1 billion for a competitive infrastructure project program (similar to TIGER)
- Retain dedicated funding for transit
- **By amendment**: provide $75 million for competitive bus and bus facilities “State of Good Repair” projects other than fixed guideway or Bus Rapid Transit
- Require the Secretary to develop a national rail plan, and regional plans for all regions
- Eliminate the railway/highway crossing program
- **By amendment**: create a competitive grant program for ITS projects
- Increase the population threshold for MPOs to 200,000 (currently 50,000) but existing MPOs under 200,000 can continue for three years after the new regulations are issued
- Establish Rural Planning Organizations for planning, etc. outside metro areas, with an “emphasis on rural needs”

An identical House version of MAP-21 has been introduced by Congressman Timothy Bishop of New York (D). This bill currently has 92 co-sponsors (all Democrats). However, no floor time for consideration of HR 14 has been scheduled.

The House has taken no further action on its own reauthorization bill, HR 7. That measure covers FY 2012 – FY 2016 at roughly current funding levels, and was passed out of committee on Feb. 3. (As part of the package, the House as a whole passed a separate bill, HR 3408, which would expand oil and gas leasing to generate revenue, and would also expedite approval of the Keystone pipeline project.) However, the House reauthorization proposal met with controversy over issues such as the lack of sufficient funding offsets, and the removal of dedicated transit funding.

On March 29, two days before expiration of the current extension of SAFETEA-LU, Congress approved an extension of another 90 days that continues transportation funding and programs through June 30, 2012. HR 4281 was approved 266-158 in the House and, shortly thereafter, by voice vote in the Senate. The President signed the bill on March 30.

As of the week of April 16, the stage is set for Congress to convene a conference committee on surface transportation reauthorization, centering around the Senate’s proposal, MAP-21, which covers FY 2012-2013.

Barely three weeks after the President signed the most recent extension of SAFETEA-LU (providing program and funding authority until June 30), the House easily passed another 90-day extension that would mainly serve as a shell “companion” bill to MAP-21. As amended, the key features of HR 4348 are: extension of SAFETEA-LU to Sept. 30; environmental streamlining provisions similar to those in the House five-year reauthorization proposal, HR 7; and a highly controversial provision to expedite approval of the Keystone pipeline project. However, it is possible that additional topics could be addressed in conference.

The next step is for the Senate and House to appoint conferees, which is expected to take place in the next two weeks.

The week of April 23, Congress took additional steps toward a conference on surface transportation reauthorization. The Senate named 14 conferees on April 24, and the House named 33 conferees (including Congressman Boswell) on April 26. The first joint meeting is scheduled for May 8 at 2 pm CDST.

Meanwhile, smaller groups of conferees are discussing the many controversies the committee must address to reconcile the differences between the two proposals. The Senate's bill, MAP-21 is a major rewrite of transportation policy which covers FY 2012-2013 at approximately current levels by spending down the trust fund and transferring funds from the general fund. The House bill, HR 4348, extends SAFETEA-LU to September 30, 2012, with no additional funding provided. Major policy provisions in HR 4348 include environmental streamlining provisions and expedited approval of the Keystone pipeline project.

Transportation funding and programs are currently extended through June 30, 2012.

The first meeting of the full conference committee working on surface transportation reauthorization took place on May 8. All 47 Senate and House conferees had the opportunity to make presentations highlighting their priorities. Most members pledged bipartisanship in the effort to reconcile the Senate proposal, MAP-21 (S 1813), with the three-month House extension of SAFETEA-LU (HR 4348). However, clear differences were raised regarding issues such as the overall funding package for MAP-21, and a rider attached to HR 4348 that would expedite and require approval of the Keystone pipeline. Committee staff working behind the scenes will be taking on these issues and many others.

Senator Barbara Boxer, who chairs the conference committee, set an early June deadline for agreement. The current extension expires June 30, 2012.

While most of the discussions take place in conference meetings, reports have identified approval of the Keystone Pipeline, environmental streamlining and funding levels as key sticking points. Certain issues have gained visibility via a procedural move called "motion to instruct." Because no deal is yet in place on the final report language, members of Congress may ask for floor votes to "instruct" the conferees to support a particular position. The instructions are not binding, and the procedure largely serves as a test vote. An upcoming "motion to instruct" is expected to insist on FY 2013 funding levels out of the Highway Trust Fund that do not exceed $37.5 billion which, if adopted, <u>could</u> result in a 31 percent reduction in trust fund programs.

The full House and Senate must vote on the conference committee report when it is completed. However, the two chambers' schedules are in conflict much of the time between now and expiration of the current extension on June 30, 2012.

Despite some recent activity (including trading offers and counteroffers, and voting on "motions to instruct"), as of June 15, the transportation reauthorization talks between Senate and House leadership and conferees remain essentially stalemated. Senator Boxer, chair of the Senate Environment and Public Works Committee, and Congressman Mica, chair of the House Transportation and Infrastructure Committee, each stated this week that they believe that their offers are being met with an unwillingness to compromise. Meanwhile, Congressman Boehner, Speaker of the House, again stressed that he would support a six-month extension of SAFETEA-LU if no agreement is reached on a new bill by the time the current extension expires on June 30, 2012.

On June 21, Senator Boxer, chair of the Senate Environment and Public Works Committee, and Congressman Mica, chair of the House Transportation and Infrastructure Committee, released a joint statement regarding the highway title of the surface transportation reauthorization bill. It read, “The conferees have moved forward toward a bipartisan, bicameral agreement on a highway reauthorization bill. Conferees in both the House and the Senate will continue to work with a goal of completing a package by next week.”

Other titles may be nearly complete as well. This week, Senator Tim Johnson, chair of the Banking Committee noted that “there is no great controversy over the transit title.” And Senator Max Baucus, chair of the Finance Committee described an agreement on the pay-fors as “close.”

Some reports are now referring to an overall deal that would encourage passage of the transportation policy and funding provision provisions by splitting off the extraneous measures proposed as riders to the bill (such as expedited Keystone approval and easing of coal ash regulation).

With agreements on those transportation provisions apparently in place (or nearly so), the next step is for committee staff to draft a bill that incorporates all the new language. With the June 30 deadline looming, even if all the major issues have been resolved it is still possible that a short-term extension could be required to continue funding during the process of filing and passing the bill.

On June 29, 2012, just one day before expiration of the ninth extension of SAFETEA-LU, Congress approved the MAP-21 conference report reauthorizing surface transportation programs (highway, transit and transportation safety) through Sept. 30, 2014. Most current Highway Trust Fund taxes, including those on gasoline and diesel fuel, would be extended through FY 2016. The report on HR 4348 also includes an extension of reduced student loan interest rates and reauthorization of the federal flood insurance program.

In general, the bill maintains current transportation investment levels for 27 months by supplementing Highway Trust Fund revenue with transfers from the general fund (offset by financing provisions such as corporate pension changes that raise revenue and a transfer of the balance of the Leaking Underground Storage Tank Fund). MAP-21 consolidates programs and streamlines the environmental process.

A few provisions included in the Senate proposal were omitted from the final report, including a freight title and a rail policy title. Also dropped was proposed House language expediting Keystone pipeline approval and prohibiting EPA from regulating coal ash as hazardous waste. MAP-21 contains no earmarks.

The vote in the House was 373-52, and the vote in the Senate was 74-19 (plus one “present”), with Senator Harkin and Senator Grassley both voting yes. The President is expected to sign the bill sometime later in the week when the bill is enrolled. In the meantime, a one-week extension, HR 6064, which passed this afternoon, will bridge the gap.

We will provide additional details as soon as possible.

Sometime on July 6, 2012, the President is expected to sign MAP-21 (HR 4348, Conference Report 112-557) reauthorizing surface transportation programs and funding through Sept. 30, 2014 and extending taxes through Sept. 30, 2016. The bill passed Congress on June 29 but the enrollment process took several days. In the meantime, a week-long extension of SAFETEA-LU (the 10th) bridged the gap.

In general, MAP-21 maintains current transportation investment levels (plus a small inflation increase in some areas) for 27 months. This is achieved by supplementing Highway Trust Fund revenue with: an $18.8 billion transfer from the general fund (offset by corporate pension changes); and transfer of the $2.4 billion unobligated balance of the Leaking Underground Storage Tank Fund.

The bill also:

- maintains the 80/20 split between highway and transit funding
- focuses highway funding on the Interstate System and the expanded National Highway System
- eliminates or consolidates approximately 60 programs
- eliminates dedicated funding for Transportation Enhancements, Safe Routes to School and National Scenic Byways (although those projects are eligible under a new Transportation Alternatives program)
- streamlines the environmental review process
- includes $500 million in general funds for Projects of National and Regional Significance
- adds many performance measure requirements
- requires states to develop Asset Management Plans (this is already in place in Iowa)
- retains the threshold for Metropolitan Planning Organizations at 50,000 but recognizes a new category, “Regional Transportation Planning Organizations,” similar to RPAs in Iowa
- allows time for implementation (most provisions do not take effect until Oct. 1, 2012)
- will leave a $4 billion balance in the Highway Trust Fund at the end of FY 2014

The impact of many of the changes can only be identified when the US DOT issues guidance and regulations.

On July 6, the President signed MAP-21 (PL 112-141) reauthorizing surface transportation programs and funding through Sept. 30, 2014, and extending taxes through Sept. 30, 2016. The bill passed Congress on June 29 but the enrollment process took several days. In the meantime, a week-long extension of SAFETEA-LU bridged the gap. In general, MAP-21 maintains current transportation investment levels (plus a small inflation increase in FY 2014) for 27 months.

Additional information on MAP-21 is available on the US DOT Web sites for FHWA and FTA.

Tiger

On May 28, 2010, Transportation Secretary Ray LaHood announced the availability of $600 million in TIGER II grants for capital investment in surface transportation projects. The Federal Register notice stated that “funds for the TIGER II program are to be awarded on a competitive basis for projects that have a significant impact on the nation, a metropolitan area, or a region.” Primary selection criteria listed included contributing to the long-term economic competitiveness of the nation, improving the condition of existing transportation facilities and systems, improving energy efficiency and reducing greenhouse gas emissions, improving the safety of U.S. transportation facilities and improving the quality of living and working environments of communities through increased transportation choices and connections. The U.S. DOT was also directed to consider geographic distribution, and to give priority to projects that are expected to quickly create and preserve jobs and stimulate rapid increases in economic activity.

The DOT submitted applications for five projects. On October 20, U.S. DOT announced the recipients: 75 projects in 40 states. No Iowa DOT applications were funded.

Transportation Secretary Ray LaHood has announced the awards in the third round of TIGER grants. On Dec. 15, 2011, he identified 46 projects in 33 states as recipients of funding from the $511 million program. A total of 848 applications were submitted from around the country. No Iowa projects were selected.

US DOT announced FY 2012 TIGER awards on June 22, 2012, with two Iowa projects selected this round:

- The City of Clinton received $2.7 million to complete the remaining projects to rehabilitate the Liberty Square area, such as implementing Complete Streets design initiatives and addressing remaining issues related to years of pollution and economic decline.

- The City of Des Moines received $10 million to extend Martin Luther King Jr. Parkway. This would connect downtown Des Moines and the southwest industrial area with the US 65 beltway to support economic redevelopment and enhance access, safety, and environmental sustainability.

As in the previous three years, TIGER grants are competitive capital grants for surface transportation investment, with an emphasis on projects representing the final piece of an investment by state, local and private entities. In FY 2012, USDOT received applications totaling $10.2 billion from all 50 states, plus US territories and the District of Columbia.

High Speed Intercity Passenger Rail competitive grant application
Applications for U.S. DOT Federal Railroad Administration (FRA) High Speed Intercity Passenger Rail projects were due August 6. This program is collaborative effort among the federal government, states, railroads, and other key stakeholders to help create a national network of high-speed rail corridors.

On October 25, 2010, FRA announced the projects to be funded, including a joint application submitted by the Iowa DOT and Illinois DOT. The $230 million award will help implement new passenger rail service from Chicago to Iowa City via the Quad Cities. Find more details at: http://www.iowadot.gov/iowarail/passenger/highspeedintercity.htm

On May 9, 2011, the US DOT announced $2 billion in high-speed rail grants to15 states and Amtrak, including funds that will benefit Iowa and several other Midwest states. Nationwide, the fund will go toward:

- upgrades in the Northeast Corridor ($795 million) *to increase speeds from 135 to 160 mph on critical segments, improve on-time performance and add more seats for passengers*;
- construction of 110-mph track between Chicago and Detroit, and Chicago and Saint Louis ($404.1 million);
- state-of-the-art locomotives and passenger rail cars for routes in Iowa, Illinois, Indiana, Michigan and Missouri; ($268.2 million) and California ($68 million); and
- continuation of the Central Valley project in California ($300 million) *that is laying the groundwork for the nation's first 220-mph high-speed rail system*.

The funds became available when the State of Florida turned down a Recovery Act award earlier this year.

Infrastructure Investment
In the wake of the August unemployment numbers, President Obama addressed a joint session of Congress on Thursday to propose a $447 billion jobs bill. While tax cuts to aid small businesses make up the bulk of the proposal, infrastructure spending totals $60 billion: $10

billion in seed money for a national infrastructure bank to leverage private funds, and $50 billion to invest in roads, bridges, rail, and airport projects. Also included is $35 billion for cities and states to support the hiring of teachers, police officers and firefighters.

As expected, the Senate rejected two jobs proposals yesterday, in procedural votes. S 1769 would have provided $50 billion for infrastructure and $10 billion in seed money to a National Infrastructure Bank. The measure also included a 0.7 percent surtax on personal income over $1 million (gross amount minus applicable deductions). The second bill, S 1786, would have extended current transportation funding levels until Sept. 13, 2013. It also abolished the Transportation Enhancement set-aside and some environmental and other regulations.

On Dec. 6, Senator McCaskill announced a payroll tax cut bill she has offered (with Senator Collins) that includes provisions for infrastructure investment: $25 billion for highways and $10 billion to capitalize infrastructure banks. Senator Reid has stated that the Senate will remain in session until agreement is reached with the House on extending the payroll tax cut.

Debt Reduction
On September 19, 2011, President Obama released a proposal aimed at reducing the expected federal deficit by about $3.2 trillion over a 10-year period, and paying for the American Jobs Act he proposed earlier this month. Based on the summary provided by the White House, transportation-related provisions include: a $100 per flight fee to pay for air traffic services (some exceptions are allowed); an increase in TSA aviation security fees from the current $2.50 per enplanement, to $5.00 each way (with increases each year beginning in 2013 leading to a $7.50 fee per one-way trip in 2017, and allowance for increases after that); and implementation of an inland waterways user fee to supplement the existing diesel fuel revenue going into the Inland Waterways Trust Fund.

When Congress passed the Budget Control Act (BCA) in 2011, it included a requirement for future passage of a bill containing measures to reduce the federal budget deficit by $1.2 trillion over a period of nine years. If Congress failed to agree on such a bill by Jan. 1, 2013, across-the-board cuts ("sequestration") amounting to about 7 – 10 percent would be automatically be applied to virtually all non-exempted federal accounts. The intent was that the threat of indiscriminate cuts to federal programs – defense included – would spur agreement on an alternative. So far, no agreement has been reached.

This summer, Congress passed a bill (PL 112-155) requiring the administration to issue a report showing how sequestration of approximately $109 billion would likely play out in FY 2013. On Sept. 14, the Office of Management and Budget issued its report, providing estimated account-level information (rather than program-by-program detail) on exempt and non-exempt programs and the amounts that would be cut as required under the BCA. The report states that the administration considers the sequestration process to be bad policy, and encourages Congress to agree on an alternative.

In general, FY 2012 funding programs and amounts served as the basis for the determinations in the report - if sequestration does take place (beginning Jan. 2, 2013), the actual cuts would differ. Here is a general summary of transportation impacts:

- Aviation – The Airport Improvement Program (funded via the Airport and Airway Trust Fund) would be exempt. Essential Air Service funding would be cut.

- Highway – Formula programs (funded via the Highway Trust Fund) would be exempt. FHWA Emergency Relief funds would be cut. Also, sequestration would apply to General Fund transfers to the trust fund, thereby draining the fund more quickly than anticipated.

- Rail – Amtrak subsidies would be subject to cuts, as would research and development funding.

- Transit – Formula programs (funded via the Highway Trust Fund) would be exempt.

- Also, discretionary infrastructure investment (similar to TIGER) would be subject to the cuts, since it is funded with general fund dollars.

Discretionary Funding awarded to Iowa
US DOT recently announced a total of $8.4 million in competitive funding for nine projects in Iowa. Those projects are:

Innovative Bridge Research and Deployment Program
Amish Sawmill Bridge on Dillon Ave. south of 135th Street in Buchanan Co.-$350,000
Interstate Maintenance Discretionary Program
I-80/US 65/US 6 (Altoona) Interchange Reconstruction Project in Polk Co.-$3,341,000
Transportation, Community and System Preservation Program
Walking and biking improvements on 9th St., 11th St., and Elm St. in Dubuque-$600,000
National Scenic Byways Program
Great River Road Marquette Overlook-$332,800
Great River Road Mississippi River Trail in Riverdale-$494,956
Louisa Co. Great River Road Bicycle Lane-$1,350,000
Great River Road and Driftless Area Byway Visitor Center-$1,361,400
Iowa Great River Road National Scenic Byway Signage-$346,160
Great River Road Port Louisa Rest Area-$200,000

Highway Trust Fund Balance
On August 27, the Congressional Budget Office (CBO) released an updated report on the projected Highway Trust Fund balance, taking into account the impact of MAP-21 and also changes to tax revenue projections. The new figures show the highway account staying slightly above the necessary balance through the end of MAP-21. However, in FY 2014, the transit account drops well below what is considered necessary for cash flow, and may require a bailout from the general fund. Here are the Highway Trust Fund balances predicted by CBO:

Highway Account ($4.0 billion is considered the minimum balance for cash flow)

end of FY 2012	$8.7 billion
end of FY 2013	$4.7 billion
end of FY 2014	$4.1 billion

Transit Account ($1-2 billion is considered the minimum balance for cash flow)

end of FY 2012	$4.7 billion
end of FY 2013	$1.8 billion
end of FY 2014	$0.5 billion

Commercial Driver's License/Military Personnel
On Sept. 28, 2012, the House used the unanimous consent procedure to clear a bill that makes it easier for military personnel to obtain a CDL in the state in which they're stationed. The Senate had passed S 3624 earlier in the week, also by unanimous consent. The President is expected to sign the bill.

On Oct. 19, President Obama signed S. 3624 to make it easier for military personnel to obtain a CDL in the state in which they're stationed. US DOT will be issuing regulations or guidance for the implementation of this law.

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http://www.news.iowadot.gov/federal_updates/index.html